6. The above is a brief retrospect of the past and indicates how we stand at present in the matter of our finances. As regards the future, it would be rash to expect any large or sudden increases in our normal resources. On the other hand, the revision of salaries of officers, the increased cost of all supplies and services, and the necessity for expansion of the departments which contribute to the moral and material well-being of the people will require an ever-increasing outlay. Thus, while there is nothing seriously grave or alarming in our present financial position, there is the clear necessity that, in order to meet the increased demands of the future, we should exercise strict economy in expenditure and effect all reasonable retrenchments which would not impair the efficiency of the essential services, while endeavouring at the same time to improve our revenue resources. That we have already begun to act on these lines will be evident from the fact referred to later on, namely, that we have been able to convert what should have been a deficit Budget for 1098 into a Budget without a deficit.

7. I shall now proceed to deal with the income and outgoings of the current and the next year. For the details of the changes in classification of revenue and expenditure in the new Budget as well as for the detailed explanations of the differences between the figures of the budget and revised estimates of the current year and the latter and the budget estimate of the next year, members are referred to my memorandum furnished with the draft Budget. I must, however, make one remark here. We have taken advantage of the recasting of the heads of account to set right one or two obvious defects in the present classification. In the past we have been showing all refunds of revenue as expenditure. These we propose in future to deduct from revenue. Similarly, the receipts and expenditure of the commercial services, *viz.*, Anchal and Productive Irrigation Works, were hitherto being exhibited gross on both sides of the accounts. To avoid inflation of our receipts and expenditure and also to exhibit the true results of the working of these commercial services, it has been decided to deduct their working expenses from the gross receipts and to show only the net receipts on the revenue side of the accounts. These changes have been carried out in the draft Budget and the figures entered in it in the various columns follow the revised arrangement.

Revised Estimates of 1097.

8. The Budget, which provided for scarcity allowance for four months only, anticipated a total revenue of Rs. 197¾ lakhs against a total expenditure of Rs. 194¼ lakhs, *i. e.*, a surplus of Rs. 3½ lakhs; but, according to the latest available information, the revenue is expected to decline by Rs. 7 lakhs and the expenditure by Rs. 3½ lakhs. The result is that our anticipated surplus has been more or less completely wiped out. This result itself depends on one condition, *viz.*, that we realise almost the whole of our budgeted revenue under 'Forest'. The revised estimate for 'Forest' was fixed at Rs. 14¾ lakhs against the Budget Estimate of Rs. 15 lakhs, in view of the improved receipts up to the end of Medam this year, which were Rs. 3¾ lakhs in excess of the receipts of the

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[Mr. K. George]

corresponding period of the last year. If these anticipations are not realised, the transactions of the current year are likely to result in a deficit to the extent of the deterioration under 'Forest'.

The only direction in which the revenue shows any substantial improvement is 'Customs' which is expected to yield Rs. 3½ lakhs in excess of anticipation. The improvement is almost entirely under export duty and indicates an expansion in the export of our local produce. This improvement under 'Customs' is, however, more than counterbalanced by a deterioration under almost all the remaining heads, of which the chief are Railways (Rs. 3 lakhs), Land Revenue (Rs. 2¼ lakhs), Excise (Rs. 1½ lakhs) and Anchal (Rs. 1¼ lakhs). Under Railways, we budgeted for a net receipt of Rs. 1½ lakhs in view of the receipts of the two preceding years, but unfortunately our anticipations have been completely falsified, so that instead of realising a surplus we have sustained a loss to the extent of Rs. 1½ lakhs, thus worsening our estimate by Rs. 3 lakhs. It is seen from the statement furnished by the South Indian Railway Company that, while the gross traffic receipts for the year ended the 31st March, 1922, were really better than the receipts of the previous year, there has been an enormous increase under working expenses of the line and the interest charges which we have to pay on the sterling debentures raised in England on our behalf. It may be stated here that we have no means of exercising any control over either of these classes of expenditure.

9. The major portion of the decrease under 'Land Revenue' occurs under sale of Government lands. We were getting from this source for some years past Rs. 4 lakhs on an average annually. The receipts of 1096 were lower than this level as the registering operations were temporarily suspended that year with a view to introduce a sounder system of land assignment. But, although in the current year *puduwal* and survey operations had advanced sufficiently and lands were available for registry in an ample measure, owing to the present trade depression and the prevailing great scarcity of money there has been very little demand for land. Similarly, economic depression accounts for the fall in Excise and Registration revenues. In regard to Anchal, the original Budget did not estimate any charge to the department on account of supplies made and services rendered to it by other departments. The revised system, which is obviously the more correct one so far as a commercial department is concerned, was adopted for the first time in closing the accounts of 1096, *i. e.*, after the Budget of 1097 had been issued. The amount debitable to Anchal on this account in the current year is nearly Rs. 1 lakh. The amount under sale of stamps did not also fully come up to expectations and this accounts for the balance of the fall.

10. Coming now to expenditure, we expect to spend only a sum of Rs. 190¾ lakhs against a Budget provision of Rs. 194½ lakhs. Savings to the extent of Rs. 8 lakhs are anticipated in some departments; but they are partly counterbalanced by increases in others which aggregate in all

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to Rs. 4½ lakhs. The principal items of decrease are Miscellaneous, Rs. 4¾ lakhs, and Maramat, Rs. 1 lakh. Under Miscellaneous we had provided Rs. 1¾ lakhs for payment of contribution towards the Cochin Harbour Scheme which will lapse, Rs. 2¼ lakhs for payment of scarcity allowances and Rs. ¾ lakh as a reserve for miscellaneous and unforeseen charges. The lump provision made for payment of scarcity allowance and the reserve have been transferred to other heads and the expenditure has appeared under those heads. The decrease under Maramat is due to the fact that the department will spend on works only about Rs 1 lakh less than the amount provided in the budget. Against these decreases, the departments of Land Revenue, Judicial, Police and Stationery expect each to spend about Rs. ½ lakh in excess of the original budget provision. An increase of Rs. ½ lakh is also anticipated under Miscellaneous Political Expenditure on account of expenses in connection with the visit of His Highness the Maha Raja of Cochin. Under Stationery we expect to spend Rs. 1 lakh in excess of the original budget provision of Rs. 5 lakhs. This is counterbalanced by a reduction of Rs. ½ lakh, being the estimated expenditure transferable to the Anchal Department. It may be mentioned here that, when the budget of 1097 was framed, it was found that, inclusive of the amount required for the purchases during the year, a sum of about Rs. 11 lakhs would be necessary to wipe off the arrears due to our Stationery contractors, with whom we were having a running account for several years. This heavy liability was entirely due to the abnormal rise in the price of stationery articles during the war and even after. Out of the total of Rs. 11 lakhs above referred to, Rs. 4 lakhs represent the value of purchases made during the current year. The amount that will be left unpaid at the close of this year will be about Rs. 4 lakhs. But, as we are providing only Rs. 3 lakhs for 1098, the balance of Rs. 1 lakh as well as the value of articles to be purchased in 1098 will have to be postponed for payment to 1099. I may, however, assure the Council that we have already effected and are still effecting strict economies in the expenditure of stationery and taking necessary steps to avoid needless waste. By this means we have been enabled to keep a stock out of the current year's supply sufficient to meet the requirements of a few months of the next year. We have also effected considerable savings by avoiding superfineness in the articles purchased. As a result of these economies our next year's supply is expected to cost only Rs. 1¾ lakhs.

Budget Estimates of 1098.

11. The Budget Estimate for the coming year provides for an expenditure of Rs. 194½ lakhs against a total revenue of Rs. 194⅔ lakhs, and we expect to close the year with a surplus of a few thousands of rupees. Under revenue an increase of Rs. 4 lakhs over the receipts of the current year is estimated. This is based on the expectation that there will be at least a partial improvement in the coming year in the present depression of trade and monetary stringency. Land Revenue

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